

**EXHIBIT F**

***“Management and Budget Office Organic Act”***

Act No. 147 of June 18, 1980, as amended,

(Contains amendments incorporated by:

Act No. 89 of August 18, 1994  
Act No. 110 of August 3, 1995  
Act No. 93 of August 20, 1997  
Act No. 74 of May 2, 2000  
Act No. 286 of December 20, 2002  
Act No. 30 of January 1, 2003  
Act. No. 151 of June 22, 2004  
Act No. 106 of May 25, 2006  
Act No. 59 of July 10, 2007  
Act No. 42 of April 16, 2010)

(Amendments non-incorporated:

Act No. 239 of December 11, 2011)  
Act No. 58 of March 19, 2012)

To create the Management and Budget Office in the Office of the Governor and define its functions and powers; to establish the powers and faculties of the Governor and the Director of Management and Budget; to create the Budget Fund; to limit operating expenses in election years and establish penalties; to authorize the borrowing of money; to make recommendations revenues income; and to repeal certain laws.

*Be it enacted by the Legislature of Puerto Rico:*

**Section 1. — Short title.** (23 L.P.R.A. § 101)

This Act shall be known as the "Management and Budget Office Organic Act".

**Section 2. — Creation of the Management and Budget Office.** (23 L.P.R.A. § 102)

(a) The Office of Management and Budget attached to the Office of the Governor, is hereby created as an advisory and auxiliary body to assist the Governor in the performance of his directive and administrative functions and responsibilities. Said Office shall be under the direction of a Director appointed by the Governor, who shall discharge his office at the will of the Chief Executive. The salary of the Director shall be fixed by the Governor. Office expenses, including the salaries of the Director and other personnel, shall be included yearly in the Budget Joint Resolution.

- (b) The Office shall be deemed an Individual Administrator for the purposes of the administration of its personnel, pursuant to the provisions of the Puerto Rico Public Service Personnel Act, Act No. 5 of October 14, 1975, as amended [*Note: Repealed by Act No. 184 of August 3, 2004 known as “Public Service Human Resources Administration Act of the Commonwealth of Puerto Rico”*]. The Director shall select and appoint the professional, technical, secretarial and clerical personnel he/she deems necessary to fulfill the purposes of this act; and shall determine their qualifications, requirements, functions and duties pursuant to the provisions of said Public Service Personnel Act. The Director may contract the services of firms and professionals, technicians, consultants, auditors and others he/she deems necessary to discharge his/her functions and perform such studies, investigations and analyses he/she may deem necessary, or that are commissioned or requested by the Governor or the Legislature.
- (c) The Director shall be empowered to establish the organizational framework of the Office he/she deems necessary to comply with the purposes of this act.

**Section 3. — Functions and duties.** (23 L.P.R.A. § 103)

(a) The Management and Budget Office shall advise the Chief Executive, the Legislature and the government bodies, under the rules, regulations, instructions and orders prescribed by the Governor, on those matters related to the budget, programs and administrative management, as well as on matters of a fiscal nature related to his/her functions; it shall perform the necessary functions to allow the Governor to submit to the Legislature the Annual Budget of Capital Improvements and Operating Expenses of the Government, including the Public Corporations; it shall see to it that the execution and administration of the budget by the public bodies is conducted according to the laws and resolutions governing appropriations, with the soundest and most adequate fiscal and management standards, in harmony with the programmatic objectives for which public funds are appropriated or provided. It shall evaluate the programs and activities of the public bodies in terms of their economy, efficiency and effectiveness and shall submit reports to the Governor with recommendations for their implementation. It shall prepare and maintain control of all those fiscal and budgetary documents needed for the administration of the budget and shall carry out the pertinent changes, amendments or adjustments subject to the legal provisions and the guidelines established by the Legislature and the Governor. It shall remain alert to the new currents and trends in the budgetary and managerial aspects of public administration, in order to evaluate and adapt those techniques, methods and viewpoints that apply to the local administrative field, in the process of drafting and executing the budget, as well as in program evaluation, administrative analysis and operational and administrative auditing. It shall also propose any legislation deemed necessary and convenient to include said currents and trends to our budgetary and administrative processes.

(b) The Office shall have the following powers:

**(1) Functions connected with the drafting of the budget:**

(A) To require from the various public agencies, corporations and political subdivisions of the Government of the Commonwealth of Puerto Rico, on the date it shall determine, the budgetary petitions with the operating plans and corresponding justifications, and all information of a programmatic, fiscal and administrative nature,

proposed expenditures, financial and operational statements, and any other necessary information.

(B) To bring together, correlate, review, reduce or increase the budgetary petitions of the various Commonwealth agencies, except as provided in subsection (a), clause (7) of Section 4 [23 L.P.R.A. § 104(a)(7)].

(C) To have access, with the prerogative of examining any books, financial statements, documents, reports, studies, papers or files of the government agencies or public corporations.

(D) To hold meetings with the directors of the agencies.

(E) To prepare financial, program, administrative and operational analyses of all public agencies, including those that operate with their own funds, or United States Government grants.

(F) To take into account and include the indications and recommendations contained in the studies and operational audits and management analyses carried out in the agencies during the analysis of the budgetary petitions thereof.

**(2) Powers related to the administration, execution and control of the budget:**

(A) To prepare and recommend for the Governor's approval, the budgetary items or Executive Budgets, pursuant to subsection (e), clause (1) of Section 4 [23 L.P.R.A. § 104(e)(1)].

(B) To approve the creation or elimination of regular or fixed-term positions and offices during the fiscal year covered by the budget.

(C) To eliminate all vacant positions, or those that become vacant as a result of reorganizations, elimination of duties, reductions in the volume of work, consolidation of programs or functions, or when deemed necessary for fiscal or budgetary control reasons.

(D) To approve authorizations for public officials to travel abroad. Should the needs of the services so require it, the Director may delegate this power to the Secretaries and the Heads of Agencies.

(E) To execute the control of the appropriations for investments and capital improvements, and require progress reports as frequently as needed to follow up on the execution and development of the programs, and to authorize the reprogramming of resources when the different government agencies request it, and the necessity and convenience thereof is determined. Provided, That it shall also follow up on the capital improvement programs of public corporations, and those financed by United States Government grants. In the performance of this function, it shall establish and maintain the needed coordination with the Government Development Bank regarding capital improvements and their financing, in connection with public corporations. Provided, That any reprogramming of resources that must be made, and the following up of the capital improvement programs, shall be attuned to the provisions of the Investment Program and the spirit of the statute that authorizes the use of the funds.

(F) To verify the availability of funds to cover the reassignment of personnel, in-grade raises in salary, and any other personnel action which would have an effect on the budget, prior to the final authorization by the Central Personnel Administration Office, or by the Individual Administrators whose operating expenses depend on legislative appropriations.

(G) To review and approve together with the Central Personnel Administration Office, the compensation plans of the agencies that are Individual Administrators under the Personnel Act, for the purpose of evaluating the fiscal effect. Said agencies shall establish the necessary procedures to comply with the purposes of this provision.

(H) To verify the availability of funds for the employment of provisional personnel in those agencies that depend on legislative appropriations for their operating expenses.

(I) To require Government agencies to render periodic reports on the status of the appropriations, which reflect the disbursements, obligations, available balances and projected expenditures.

(J) The administration, execution and control of the Judicial Branch's budget shall rest on the Chief Justice of the Supreme court of Puerto Rico, or by delegation, on the Administrative Director of the Courts.

(K) The administration, execution and control of the Legislative Branch's budget shall rest on the President of the Senate and the Speaker of the House, respectively.

(L) To coordinate and require information through a circular letter to an official in the Executive Branch bodies, who shall be designated to serve as liaison between the dependencies of said Branch and the Office, in budget administration matters. This official shall be the Budget Director, the Finance Director, or the Administration Director - or their equivalent - and who is holding the office or position.

**(3) Powers related to the evaluation and analysis of management programs:**

(A) To perform those management studies, examinations and evaluations deemed necessary to measure, improve and increase the effectiveness, efficiency and economy in the operation of the regular agencies of the Government of the Commonwealth of Puerto Rico and its Public Corporations, and, in the case of the municipalities, when requested by them. To such effects, it shall, among other things:

(1) Keep under continuous scrutiny the organization of the Executive Branch, to advise the Governor and the Legislature on matters such as the creation or elimination of agencies; fusing of agencies; transfer of functions and programs; creation of mechanisms for coordination, planning and counsel, and other measures deemed necessary to improve the direction, coordination and operation of the Executive Branch.

(2) Examine and study internally any of the government agencies, public corporations or the municipalities, either totally or partially, regarding the organization, administrative and auxiliary systems and procedures for the planning, central and operational organization, internal and interagency coordination, information systems, auxiliary purchasing and supply services, among others.

(3) Indicate and make recommendations to the heads of agencies and the Governor, based on the studies, evaluations and examinations it performs.

(4) Keep the Governor informed as to the findings and indications made as a part of the studies performed, and the corrective steps taken in each case.

(5) Help and counsel the agencies in developing administrative studies, evaluations, and in implementing the corrective measures adopted jointly.

(6) Participate as advisor or collaborator in structuring and implementing new government programs and agencies, and follow up on their development in order to make indications and recommendations to the Governor and the head of the agency concerned.

(7) Provide follow-up to the reorganizations implemented by the agencies for the purpose of evaluating the results and achievements obtained through such reorganizations, and present the pertinent indications and recommendations to the head of the agency and to the Governor.

(8) Promote and help to coordinate efforts to deal with matters or situations that require the participation or intervention of several government agencies.

(B) To require government entities to provide reports, materials, data and any other information regarding the organization; the objectives, functions, activities, legal basis, regulations, resources, strategies, priorities, plans of action and any other managerial or administrative matters deemed relevant to the studies, evaluations or audits performed by the Office. The agencies, departments and other instrumentalities of the Government of the Commonwealth shall be bound to furnish whatever information the Office may require from them to comply with the functions and duties imposed by this act.

(C) To make the visits, examinations of documents, observations, investigations, inspections or verifications deemed necessary to perform said management studies, audits or evaluations.

(D) To encourage and promote the exchange of information on administrative matters and affairs.

(i) Contract the consultants deemed necessary in the various specialized fields to advise on any matter related to the structuring of the internal auditing in the Office; with the development of specific operational or managerial auditing projects and with training of personnel in the fields of auditing, management and the budget.

(E) To see to it that the programmatic evaluating programs performed, in addition to those aspects of particular interest to the Office, take into account the manner in which the objectives, goals, policies and strategies of each program harmonize with those established in the Internal Development Plan and the Four-Year Investment Program.

(4) [Repealed. Act No. 42 of April 16, 2010]

**(5) Powers relative to the Government's electronic processing and interconnection systems:**

(A) Adopt criteria for the purchase and lease of equipment and predesigned programs or software, and approve contracts related to the design of electronic data processing and interconnection systems of the Government prior to their being granted, pursuant to the guidelines issued to that effect by the Governor's Commission on Information Systems created by this act.

(B) Evaluate or advise the bodies of the Executive Branch regarding the advantages of the equipment and the administrative procedures, and their capacity to provide for the present and future needs of the Government of Puerto Rico in matters related to electronic data processing and interconnection systems, as well as to require such information from them.

(C) Evaluate the existing facilities in terms of the convenience of the equipment, procedures, personnel and present and future needs of the Government of Puerto Rico in this area, and to require corrective action.

**(6) General powers inherent to the powers and duties of the Office:**

(A) Establish and maintain an information system which propitiates, advances and expedites the processes of Executive Branch agencies in their relationship and interaction with other agencies and with the Office, except for the system used by the Department of the Treasury in the exclusive performance of its operations, and the system used by all those other government agencies and bodies which the law provides and guarantees that the confidentiality of the information obtained be maintained in the exercise of their functions imposed by the body of laws or by the particular nature of the functions delegated upon them.

(B) Coordinate and require information by means of circular letters or memorandums to an official in the Executive Branch's entities, who shall be designated by the head of each dependency, Provided, That said information may imply the presentation of a sworn statement before a notary and reports from certified public accountants indicating compliance, or some other type of certification thereof, should meritorious special or extraordinary circumstances or needs arise. This official, who shall be the Budget Director, the Finance Director or the Director of Administration, or his/her equivalent, and who must be holding said office at the time, shall act as liaison between the dependencies of said Branch and the Office in matters regarding the administration of the budget.

(C) Require the participation of the agencies in multiagency projects geared to achieve economy, efficiency and effectiveness.

(D) Adopt general criteria whose effect shall be to achieve economy, efficiency and effectiveness in government. It may establish certain measures, among others, directed towards the conservation of resources in the Executive Branch entities and impose maximum limits on the fees to be paid on account of specific transactions or services in those cases that the Management and Budget Director deems necessary to achieve the best use of resources and a sound fiscal administration.

**Section 4. — Duties and faculties of the Governor with regard to the Budget. (23 L.P.R.A. § 104)**

(a) In tune with Article IV, § 4 of the Constitution of the Commonwealth of Puerto Rico, the Governor shall submit to the Legislature at the beginning of each regular session, an Annual Budget of Capital Works and Operating Expenses of the Commonwealth, its Instrumentalities and Public Corporations, to be charged to the General Fund, the Special Funds, the grants from the United States Government, bond issues and loans, the Public Corporations' own revenues, and any other sources of income, which will indicate the government's programs and objectives proposed by the Chief Executive for the following fiscal year, based on the long term orientation and goals of the Integral Development Plan, the Four Year Investment Plan and the Land Use Plan drafted and adopted by the Planning Board.



The budget shall contain the following information, in the form, extent or detail the Governor deems convenient:

- (1) A message from the Governor expounding his program, fiscal and budgetary recommendations.
- (2) A general presentation of the objectives, plans and programs on which the budget is based, as well as the manner that said objectives, plans and programs can be achieved with the resources that are recommended in the budget plan.
- (3) Descriptions of the functions, programs and activities of the Government and its agencies, including, when feasible or convenient, information on the cost of the programs in force and proposed, the objectives attained and the projected and completed administrative improvements.
- (4) All the revenues and expenditures of the Government of the Commonwealth of Puerto Rico and its instrumentalities and public corporations during the last completed fiscal year.
- (5) An estimate of all expected revenues for the current fiscal year at the time the budget is submitted, and an estimate of the expenses to be incurred during the same period by the Government of the Commonwealth and its instrumentalities and public corporations.
- (6) Calculations of all probable revenues of the Government of the Commonwealth and its Instrumentalities and public corporations, regardless of their origin, during the following fiscal year according to:
  - (A) Laws in force on the date the budget is submitted;
  - (B) legislative measures that affect the revenues, if any;
  - (C) the federal programs in force, and
  - (D) from other sources.
- (7) The recommended or proposed appropriations and expenses to be charged to all the projected resources, after due consideration of the Puerto Rico Integrated Development Plan, the Four Year Investment Program and the land-use plans prepared by the Planning Board for the following fiscal year, except the Legislature and the Office of the Comptroller of the Commonwealth of Puerto Rico, which shall be exempted from submitting budgetary petitions, which the Governor shall include in the proposed Budget, a budget for their regular operating expenses equal to the one in effect. The Office of the Comptroller shall submit its own petition for funds for regular operating expenses directly to the Legislature, on or before November 30 of the year before the year for which the petition is made, and shall furnish a copy to the Office of all the information it submits to the Legislature, so that said Office may advise the Legislature regarding the petitions for funds for the regular operating expenses of said body. Beginning with the 2003-2004 fiscal year, the Judicial Branch shall be appropriated a sum equal to three point three percent( 3.3%) of the average of the total amount of the annual revenues obtained pursuant to the provisions of the laws of the Commonwealth of Puerto Rico, and which have been covered into the General Fund of the Treasury of Puerto Rico in the two (2) fiscal years preceding the present year and that covered into the Dedicated Sales Tax Fund, created by Act No. 91 of May 13, 2006, as amended and into any other special fund created by law after July 1, 2007, nourished from resources generated by taxation and non-taxation revenues. Provided, that in the event that the average of the total amount of annual revenues is less than that of the preceding year, the basic amount shall be equal to



the last annual appropriation received by the Judicial Branch. Said three point three percent (3.3%) shall be increased for the 2004-2005 fiscal year by one tenth (0.1) of one percent (1%), and by a two tenths (0.2) of one percent (1%) for the following three (3) fiscal years, until it reaches a maximum of four percent (4%) of the revenues of the General Fund of the Treasury of Puerto Rico for the 2007-2008 fiscal year. These resources shall be used for the operating expenses of the Judicial Branch. In the event the Judicial Branch should require additional sums to those appropriated pursuant to this Act for the development construction and extension of its physical structure or for any other purpose, it shall submit the necessary budgetary petition with its pertinent justifications directly to the Legislature. In the submitted budget, the recommendations and petitions for appropriations of lump sums in the general budget bill for each government body shall be backed by detailed calculations, expense items and by programs or activities.

(8) The financial statements and any other economic data and information, including the budgets of public corporations and enterprises which, in his judgment, could be necessary or convenient in order to make known in as detailed a manner as feasible:

(A) The financial condition of the Commonwealth Government at the close of the last fiscal year;

(B) its estimated fiscal situation at the close of the current fiscal year, including all balances available for expending, and

(C) the estimated fiscal situation at the close of the following year, if the proposals contained in the Budget are adopted.

(b) The Governor shall submit the appropriations and income-generating draft bills, in agreement with the recommended Budget during the Regular Session of the Legislature, within the term prescribed by law.

(c) In tune with Section 8, Article VI of the Constitution of the Commonwealth of Puerto Rico, he/she shall act according to the following priority guidelines for the disbursement of public funds, when the available funds for a specific fiscal year are not sufficient to cover the appropriations approved for that year. These functions may be delegated on the Management and Budget Director:

(1) Order the payment of interest and amortizations corresponding to the public debt.

(2) Order that the commitments entered into by virtue of legal contracts in force, judgments of the courts in cases of condemnation under eminent domain, and binding obligations to safeguard the credit, reputation and good name of the Government of the Commonwealth of Puerto Rico, be attended to.

(3) Order that preference be given to disbursements charged to appropriations for regular expenses connected with the:

(A) Conservation of public health.

(B) Protection of persons and property.

(C) Public education programs.

(D) Public welfare programs.

(E) Payment of employer contributions to retirement systems and payment of pensions to individuals granted under special statutes; and then, the remaining public services in the order of priority determined by the Governor; Provided, That the disbursements related to the services listed hereunder shall not have preference among themselves but shall be handled simultaneously; Provided, further, That any

adjustments due to reductions may be made in any of the appropriations for regular expenses, including the service areas indicated in this subparagraph.

(4) Order the construction of capital works or improvements with duly executed contracts; Provided, That priority shall be given to emergency works caused by catastrophes or acts of nature, acts of God; and then, to those works that are most responsive to the development of the normal and economic life of Puerto Rico.

(5) Order that the payment of contracts and commitments contracted under special appropriations for operations be honored, and then, that special preference be given to those phases of the programs that are in the process of development or in a stage of planning which, if postponed, would affect the interests of the clients served by the program, directly or indirectly.

(d) The administrative measures stated below shall be adopted for the implementation of the priority guidelines established above: The Governor, or the Management and Budget Director, as delegated by the former, shall submit to the President of the Senate and the Speaker of the House of Representatives, as well as to the Committees on Finance of both Legislative Bodies, a detailed report of the adjustments which have been necessary to make in order to balance the budget by virtue of the provisions of this section. Together with this report, the Governor shall submit his/her recommendations regarding the manner that the postponed works and activities are to be handled. The obligations corresponding to the postponed works shall be canceled for the purposes of the year which has been adjusted and shall be entered into the books of the Secretary of the Treasury against the funds available for appropriation in subsequent years, through the corresponding warrant of appropriations:

(1) To adjust the appropriations for the regular operating expenses provided for the various Commonwealth agencies and instrumentalities, according to the priority guidelines established in subsection (c) of this section.

(2) To adjust the appropriations approved for the development of capital works the execution of which has not been brought to public auction, by postponing that part of the lawfully authorized work which cannot be completed because of limitation of funds.

(3) To adjust the appropriations for special programs which, if postponed, do not affect nor are in conflict with the commitments and obligations contracted, by reducing or adjusting the sums authorized by law.

(e) Regarding the administration and control of the budget, he/she shall have the following powers that he/she may delegate on the Management and Budget Director:

(1) To approve the budgetary items, through executive budgets, of the lump sum appropriations approved in the General Budget Joint Resolution, or any other laws; and of resources available in special federal or Commonwealth funds. These details may be prepared on the basis of specific fiscal years or on quotas for stated periods of time within a fiscal year.

(2) To amend the budgetary items as he deems necessary without affecting the total amount appropriated to the agencies, except as provided in subsections (c) and (d) of this section or when it is otherwise provided by other statutes.

(3) To approve and authenticate through executive budgets, or position and expense authorizations, the special authorizations to incur expenses and create positions, from any funds or appropriations, regardless of their source. Those authorizations not covered in

the executive budgets indicated in clause (1) of this subsection shall be deemed as special.

(4) To determine which vacant positions, or those that may be vacated later, shall not be covered during whatever period is considered necessary.

(5) To establish budgetary reserves and restrict the funds available to the agencies, in whatever way he deems pertinent, when, in the execution and control of the budget, he considers it necessary regardless of the circumstances established in subsections (c) and (d) of this section.

(6) To include in the details of the budget those items needed to pay debts incurred by the bodies in previous years, chargeable to the various sources of revenue, and to reduce in said amounts the resources available to the body for the fiscal year in which the adjustment is made. The exercise of this function shall not apply to the bodies or enterprises which operate with their independent treasury, nor to those bodies provided with appropriations over which the Office exerts no budgetary control, which shall take the pertinent measures to settle the debts of previous years.

(7) To authorize the Secretary of the Treasury to advance funds to the agencies, chargeable to the General Fund for obligations or disbursements of programs with United States Government grants which have been approved but have not been received, and for the payment of capital improvements which have been contracted for and are in the process of being built, until new appropriations become effective.

**Section 5. — Recommendations on revenue.** (23 L.P.R.A. § 105)

If in a given fiscal year, the total revenue figured on the basis of the laws in force, plus the resources or surpluses available for appropriation, were less than the expenses proposed, the Governor shall recommend new taxes, loans, or other pertinent action to the Legislature to deal with the estimated deficit. If the sum of all estimated revenues is greater than the proposed expenditures, the Governor shall make the recommendations which, in his judgment, best serve the public interest.

**Section 6. —** [Repealed. Act No. 42 of April 16, 2010] (23 L.P.R.A. § 105a)

**Section 7. —** [Repealed. Act No. 151 of June 22, 2004, "Electronic Government Act", Art. 11]

**Section 8. — Creation of the Budgetary Fund.** (23 L.P.R.A. § 106)

(a) A depositary fund of the Government of the Commonwealth, under the custody of the Secretary of the Treasury, is hereby authorized and created and shall be known as the "Budgetary Fund".

(b) Commencing in fiscal year 95-96, the "Budgetary Fund" shall be capitalized annually by a sum of not less than one third of one percent ( $\frac{1}{3}$  of 1%) of the total Joint Budget Resolution. As of fiscal year 1999-2000, said contribution shall be of an amount not less than one percent (1%) of the total net revenues of the preceding fiscal year. Furthermore, it is hereby ordered that as of fiscal year 1999-2000, all revenues that do not constitute net

revenues of the General Fund that are not destined by law for a specific purpose, shall be covered into the Budgetary Fund. The Governor of Puerto Rico and the Director of the Office of Management and Budget, by his delegation, may order that an amount of said funds larger than that specified herein be covered into the Funds from any income of sources whenever he deems it convenient. The maximum balance of said Emergency Fund shall not exceed six percent (6%) of the funds appropriated in the Joint Resolution of the Budget for the year in which such resources are ordered to be covered into the Budgetary Fund.

(c) The Budgetary Fund shall be used to cover appropriations approved for any fiscal year in which the revenues available for said year are not sufficient to address the same, and to honor the payment of the public debt.

(d) The Governor and the Director of the Office of Management and Budget, through delegation of the latter, shall provide the financial resources to the agencies and public corporations, chargeable to the Fund, to meet the obligations of or disbursements by programs with contributions from the United States Government approved and pending receipt, for the payment of capital improvements projects under construction, while the appropriations become effective, and for the payment of determinations of the Federal and Commonwealth Courts.

(e) The Governor is hereby authorized to order the use of the Budgetary Fund's resources that are needed to attend to such circumstances.

**Section 9.** — [Repealed. Act No. 106 of May 25, 2006, sec. 1]

**Section 10. — Limitation on expenditures in election year.** (23 L.P.R.A. § 108)

During the period comprised between July 1 of the year a general election is held, and the date the new officials elected in said general election are sworn into office, it shall be unlawful to incur expenses or obligations that exceed fifty percent (50%) of the budgetary appropriation of each item. The Secretaries and Directors of the agencies shall be directly responsible for any violation of this provision, which shall constitute a misdemeanor which is punishable by imprisonment for a term of six (6) months or a fine of five hundred dollars (\$500), or both penalties, in the discretion of the court. Provided, however, that this limitation shall not apply to the Judicial Branch, the Legislative Branch, to any appropriation for matching federal funds which require an advance, the capital improvements programs, the payment of the public debt, the appropriations to the University of Puerto Rico, and the appropriations for specific legal purposes that do not constitute regular operating expenses.

**Section 11. — Succession and transfers.** (23 L.P.R.A. § 109)

(a) The Budget and Management Office shall be the successor, for all ends and purposes, of the Bureau of the Budget created by Act No. 213 of May 12, 1942, amended, pursuant to the provisions of this act.

(b) All property or any interest therein, records, files, or those to be appropriated in the future, including surpluses, assets and debts of all types; obligations and contracts of any type; and licenses, permits and other authorizations shall be transferred to the Budget and Management Office to be used for the ends and purposes of this act.

(c) All personnel employed in the Bureau of the Budget upon the approval of and the effective date of this act shall be transferred to the Budget and Management Office. Said personnel shall retain all vested rights as of the effective date of this act, as well as the rights, privileges and obligations, and status in connection with any existing pension or retirement system or systems or savings and loan funds to which they may be affiliated.

**Section 12. — Appropriations.** (23 L.P.R.A. § 101 note)

The appropriation of funds for the operating expenses of the Office shall be included in the annual budget submitted to the Legislature. If for any reason the funds for the expenses are not included in said annual budget, the appropriation for said year shall be identical to that of the immediately preceding year.

**Section 13. — Repealing clause.** (23 L.P.R.A. § 101 note)

Sections 1, 20, [29], 30, 31, 32, 32A, 32B, 32C, 32D and 33 of Act No. 213 of May 12, 1942, as amended [23 L.P.R.A. §§ 1 and 81-86]; Act No. 77 of June 24, 1975, known as the Bureau of the Budget Organic Act [23 L.P.R.A. §§ 1 note, 1 and 81-86a ], and every act or part thereof or regulations which may be inconsistent with the provisions of this act, are hereby repealed.

**Section 14. — Savings Clause.** (23 L.P.R.A. § 101 note)

If any word, clause, sentence, section or other part of this act were questioned for any reason before any court and found unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions and parts of this act, but its effect shall be confined to the word, clause, sentence, section or part so held unconstitutional or invalid, and the nullity or invalidity of any word, clause, sentence, section, or part, in any instance shall not be held to affect or prejudice in any way, its applicability or validity in any other instance.

**Section 15. — Effective Date.**

This Act shall take effect immediately after its approval.

**Note.** This compilation was prepared by the Puerto Rico OMB staff who have striven to ensure it is complete and accurate. However, this is not an official compilation and may not be completely free of error. It contains all amendments incorporated for reading purposes only. For accuracy and exactitude please refer to the act original text. Compiled by the Office of Management and Budget Library.